



US Army Corps
of Engineers
St. Paul District

Information Paper

Regulatory Program: Excelsior Energy, Inc., Mesaba Energy Project, Taconite/Hoyt Lakes, Minnesota

Contact

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Location/Description

Excelsior Energy, Inc., is proposing an Integrated Gasification Combined Cycle power plant and associated infrastructure near Taconite, Itasca County, Minnesota. Each of the two units proposed could produce about 600 megawatts of base load power.

Background

The U.S. Department of Energy (DOE) selected the project for funding in 2004 under Round 2 of the Clean Coal Power Initiative, a cost-shared collaboration between the DOE and industry.

In 2003, Minnesota legislation provided regulatory incentives for an innovative energy project located in the Taconite Tax Relief Area. Incentives included options for a power purchase agreement, exemption from certificate of need proceedings for generation and transmission infrastructure, eminent domain rights, 12-year State tax exemption, and other benefits.

The DOE prepared a draft environmental impact statement (EIS); the facility also required a State-equivalent EIS. The DOE draft EIS was published in November 2007. The preferred site is approximately 1,720 acres in size, located approximately 2 miles north of Taconite.

The Corps' initial concerns with the draft EIS included the limited alternatives analysis (only two sites), conflicts with National Environmental Policy Act responsibilities, and Section 404(b)(1) requirements. The Corps worked extensively with the applicant to incorporate an appendix into the EIS that disclosed information about all the sites evaluated. The final DOE EIS was issued in November 2009.

The DOE does not intend to release a Record of Decision until the applicant receives all necessary permits.

The Corps has not made a Least Environmentally Damaging Practicable Alternative (LEDPA) determination between the two sites carried forward in the EIS. The Corps position on the LEDPA determination and other outstanding issues in the final EIS was communicated to DOE and the applicant in a June 2009 letter.

The Minnesota Public Utilities Commission (PUC) denied the proposed power purchase agreement in May 2009, determining that it was not in the public interest. Without the agreement, Excelsior Energy has no customer. The PUC evaluated power plant siting and route permit applications and granted the siting and transmission line route permits on March 4, 2010.

Status

Current plans at the preferred site indicate the project would result in approximately 49 acres of permanent wetland fill impacts and approximately 57 acres of permanent wetland type conversion. In December 2011, the Minnesota Pollution Control Agency (MPCA) determined the air quality permit application was incomplete, returning it to the applicant with a list of required information. Corps personnel conducted a field review of the wetland delineation in June 2011, identifying some discrepancies. A new delineation report was submitted in August 2011. A permit application was submitted based on the new delineation. The Minnesota Department of Natural Resources issued a water appropriation permit in June 2012. Excelsior has not obtained State permits to cross State land.

The company contacted the Corps in June 2012 and requested that the Corps not issue a Public Notice for the project because the company was working with the MPCA and PUC on how to address the Environmental Protection Agency's new proposed carbon dioxide standard for new power plants. The application will be withdrawn and no further processing will occur until the company has requested the Corps reinstate its review.